

SUSTAINABLE DEVELOPMENT STRATEGY FOR THE CARIBBEAN REGION – 2005-2009

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Executive Summary

Assistance Environment and Rationale

The countries of the Caribbean, our “Third Border,” are of special interest to the United States. The major focus of this strategy is the English-speaking members of CARICOM. Within that group, some elements of the strategy will focus on states where USAID does not have bilateral programs, especially the six small states of the OECS.

USAID’s current program represents a resumption of regional assistance after a hiatus from 1996 to 1999. The existing strategy includes four strategic objectives in the areas of economic competitiveness, environmental management, improved legal systems and response to the HIV/AIDS crisis.

Development Environment

Most of the countries of the region have deep-rooted democratic institutions and score among the upper half of all countries in all or most measures of governance. Nevertheless governance remains a challenge, especially in the areas of accountability and rule of law.

The region as a whole has performed reasonably well economically, although with increasing gaps among countries and recent deterioration. Services, especially tourism, have been the main source of growth. Agriculture has been on the decline. In Jamaica and in the small eastern Caribbean states, fiscal deficits have become unsustainable and pose a risk to the stability of the region.

The Caribbean islands give insufficient attention to land use planning and other measures to protect their natural assets. As a result, environmental quality is deteriorating and natural disasters continue to set back development efforts.

There are significant variations in poverty levels, from a low of 13.9 percent in Barbados to over 50 percent in Haiti. Social indicators for most of the Caribbean are generally good. One area of serious concern is HIV/AIDS; the regional adult prevalence rate of 2.4 percent in 2002 is surpassed only by sub-Saharan Africa. Another area of social concern throughout much of the region is youth-at-risk, evidenced in high teen fertility rates and poor school performance and high dropout rates for young men.

Strategic Challenges

Major development challenges in the region are identified under three categories:

Vulnerability is an issue in almost all development areas. Small size and open economies make the countries of the Caribbean highly vulnerable to external market conditions. They are particularly challenged now by trade liberalization and the need compete in open markets. They depend economically on fragile natural resources while geography exposes them to natural hazards, including increased threats from climate change. Among the region’s social vulnerabilities is the serious HIV/AIDS epidemic.

Governance is a second area of challenge. Despite small size, most of the islands lack strong community level governing institutions. Governments are unable to adequately update laws and regulation or to implement them. Accountability and control of corruption are also weak, and crime is a serious and growing problem throughout the region.

Human Resources. While generally good educational systems are reflected in generally high literacy rates, the educational system falls short in delivering the skills the region needs to be globally competitive. The already small human resource pool is further diminished by high rates of emigration of people with education and skills.

Assistance Strategy Summary

The USAID Caribbean Regional Strategy for FY 2005-2009 is a sustainable development strategy that focuses limited resources on the two most urgent challenges facing the region – the challenge to compete in open markets and the challenge to control HIV/AIDS. A descriptive goal statement is: ***Caribbean region is globally competitive in trade and in quality of life.*** In order to thrive over the long run, the region must not only compete economically in global markets, but also retain and attract the human talent that will enable it to remain competitive.

The new strategy will include just two strategic objectives. The first strategic objective, ***Region positioned to succeed in an open trade environment,*** includes activities aimed at helping the region meet requirements to participate in open trade regimes, reduce business constraints and leverage market opportunities, as well as strengthen the legal and environmental frameworks related to open trade. The possible need for a special objective to address weakness in the financial sector is noted.

For the second objective, focus on combating HIV/AIDS, also with implications for the region's economic competitiveness, two options are presented. The preferred Option 2 is ***HIV transmission reduced in target countries in most-at-risk populations and impact of HIV/AIDS mitigated in the region.*** If funding constraints dictate a less ambitious program, the Option 1 SO statement is ***Enhanced Regional response to the Caribbean HIV/AIDS epidemic.***

The projected five-year base program cost to USAID to achieve the strategic objectives is \$81 million. If additional resources are available for Option 2 USAID could move from capacity building to combat HIV/AIDS to more activities that positively impact prevalence rates. The strategy aims to achieve substantial results with limited USAID resources through synergies among the activities, bundling activities under umbrella mechanisms and using the Annual Program Statement mechanism to leverage ideas and resources from nongovernmental and private sector sources.

I. Overview

A. Assistance Environment and Rationale

1. U.S. Foreign Policy Interests

Development, diplomacy and defense are the three interdependent components of the U.S. National Security Strategy. The new Strategic Plan prepared jointly by the Department of State and USAID recognizes that a more healthy, educated, democratic, and prosperous world will also be more stable and secure.

The 1997 Barbados Summit accords committed the United States and signatory Caribbean nations promote free trade and economic development, safeguard the natural environment, and enhance justice and security. In April 2001, at the third Summit of the Americas in Quebec, President Bush outlined his vision for making this the Century of the Americas, with special attention to the Caribbean, our often-overlooked “third border.” The small countries of the region are important partners on trade, health and education issues and regional democracy, where drug trafficking, migrant smuggling and financial crime threaten mutual security interests. The “Third Border Initiative” was launched to deepen cooperation between the United States and the Caribbean nations.

2. U.S. and Other Donor Programs in the Caribbean

At its broadest definition, the Caribbean region covers a relatively heterogeneous mix of nations within and bordering the Caribbean Sea and includes such countries as Cuba, Haiti, and the Dominican Republic. The latter two countries are included in some of the analyses used in developing this strategy, but the major focus of the regional program is and will continue to be on a somewhat more homogeneous group, the English-speaking members of CARICOM (see Annex K for a list of member states). Within that group, some elements of the strategy will focus more narrowly on states where USAID does not have bilateral programs, especially the small states of the OECS (see Annex J for a list of member states).

USAID’s Caribbean Regional Program (CRP) represents a resumption of assistance following the 1997 Summit in Barbados. USAID had a substantial Caribbean regional program from 1973 through 1996. Although some support for program activities continued in the interim, the closure of the regional office in 1996 resulted in significant discontinuity of engagement. The current strategy for FY 2000 through FY 2004 includes four strategic objectives in the areas of economic competitiveness, environmental management, improved legal systems and response to the HIV/AIDS crisis.

In addition, USAID’s Office of Foreign Disaster Assistance (OFDA) is a significant U.S. presence in a region that is especially vulnerable to natural disasters. Besides disaster response assistance, OFDA has supported efforts to develop comprehensive disaster management capacity and mitigation measures. Under the Third Border Initiative, USAID has initiated a regional program to improve basic education – the Center for Excellence in Teacher Training – and the HIV/AIDS program. USAID also has bilateral missions and programs in the Dominican Republic, Guyana, Haiti and Jamaica.

Canada has substantial regional and bilateral programs in the Caribbean. Canadian International Development Agency (CIDA) region-wide programs include economic competitiveness, trade policy, financial sector reform, institutional strengthening, disaster

management, gender equity and HIV/AIDS. For the eastern Caribbean sub-region, current CIDA projects include economic management, trade policy, small enterprise development, environmental capacity, education reform, and judicial and legal reform. CIDA also has regional funds that support local initiatives and has bilateral programs in Jamaica, Haiti and Guyana. For its new five-year (2002-2007), \$23 million program strategy, CIDA identifies three purposes: 1) greater capacity to withstand shocks, 2) sustainable and equitable economic growth, and 3) enhanced social development. CIDA is shifting focus to fewer sectors and from multiple projects to a few larger programs.

The key objective of the **British** Department for International Development (DFID) in the Caribbean is to help the region reduce poverty and meet the challenges of globalization. Besides economic integration and trade, DFID assistance includes HIV/AIDS, public sector reform, education, environment and justice. DFID has bilateral programs in Guyana and Jamaica and a sub-regional program in the Windward Islands (Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines). For its three-year strategy period ending 2007, DFID indicated total direct funding for the Caribbean of \$82 million, including \$47 million for bilateral programs in Guyana and Jamaica. The UK also contributes to the Caribbean Development Bank (CDB) (\$46 million to the Special Development Fund, 2002-6) and to European Union programs in the region.

The **European Union** provides significant resources for agricultural adjustment and development through its STABEX fund. Private sector development is the second main area of EU development assistance. Japan, France, China and Kuwait, among others, also provide bilateral economic assistance to the region.

United Nations agencies are assisting the region in health and combating HIV/AIDS, constitutional reform, and disaster management. The **CDB** and the **World Bank** are the main international financial institutions engaged in the region. The CDB finances roads, transport, education, and disaster management. The CDB is implementing the Disaster Mitigation facility for the Caribbean with funding from OFDA. The Special Development Fund of the CDB provides concessionary loans and grants targeted to poverty reduction and the CDB has recently taken leadership of the main forum for donor coordination in the region. **World Bank** programs include financing for education, environment, disaster/risk management and telecommunications reform. The **Inter-American Development Bank** has programs in a few of the larger countries, but reaches the smaller ones through the CDB.

3. Development Environment in the Caribbean Region

a) Political Context

Most of the countries in the region have deeply-rooted democratic institutions with freely contested elections and uninhibited expression of views. Freedom House gives a rating of “free,” with good scores for both political rights and civil liberties, to all of the Caribbean countries except Cuba and Haiti. On the broader governance ratings developed by the World Bank (Kaufmann et al. 2003) most Caribbean countries rank above 50 percentile on all or most measures.

Corruption Perceptions Index 2002		
	Rank ^a	Score ^b
Trinidad & Tobago	33	4.9
Jamaica	45	4.0
Dominican Republic	59	3.5
Haiti	89	2.2

^a Of 102 countries rated.
^b 0=highly corrupt; 10=highly clean.
Source: Transparency International

Nevertheless, even in the strongly democratic countries there are problems. In several, deep partisan divisions mar the political process, and the process is often vulnerable to undue influence, for example, from international criminal elements. Political stability is an area in which several Caribbean countries have low ratings in the World Bank assessment. Transparency International provides rankings in its Corruption Perceptions Index 2002 for only four larger Caribbean countries. Trinidad & Tobago fares best at 4.9 on a scale of 0-10 (0 = highly corrupt); Jamaica scores 4.0. The World Bank ratings on control of corruption put Jamaica, the Dominican Republic, Guyana and Haiti below the 50th percentile, with the rest of the region scoring higher. Annex D is an assessment of key governance issues, with special focus on accountability and corruption.

Regional Integration: CARICOM, the most prominent Caribbean regional organization, operates by consensus of the Heads of Government of the member countries and is often cumbersome in action. Current emphasis remains on the elusive goal of establishing a single market and economy, with no near term prospect of political union. While many regional organizations have been established within CARICOM, few receive adequate funding from member governments and most depend heavily on external support.

The small but relatively evenly matched members of the Organization of Eastern Caribbean States (OECS) have made most progress toward integration. They have established a successful monetary union, an Eastern Caribbean Supreme Court and several joint diplomatic missions. Recently, with USAID support, they collaborated in common reforms in the area of telecommunications and established an Eastern Caribbean Telecommunications Regulatory Authority.

Even as regional integration offers a way of overcoming some of the disadvantage of small size, sensitivity over national sovereignty coupled with a pervasive sense of vulnerability among the smaller states continues to be an obstacle to integration. Accustomed to trade preferences, the countries seem focused on “special and differential” treatment instead of the difficult steps they might take to improve their competitive position.

Long Term Per Capita Income Growth			
<i>In 1995 US\$ (GDP-decadal averages)</i>			
Country	1970s	1980s	1990s
Antigua and Barbuda	3493	5219	7802
Belize	1529	1991	2717
Barbados	5627	6720	7289
Dominica	1659	2198	3106
Dominican Republic	1130	1378	1608
Grenada	1613	2129	3046
Guyana	813	667	733
Haiti	517	535	397
Jamaica	1891	1543	1730
St. Kitts and Nevis	2176	3165	5679
St. Lucia	..	2291	3835
Trinidad and Tobago	3389	4594	4382
St. Vincent/Grenadines	1248	1654	2412
Regional Medians			
Caribbean	1636	2129	3046
Pacific Islands	1490	1643	1651

Source: World Bank – CGCED Report

b) Economic Status

The Caribbean as a whole has performed well over the last three decades in both overall and per capita growth, but intra-regional differences remain and the gap between the highest and lowest per capita incomes in the region has increased. Contributing to the Caribbean’s per capita growth performance is its relatively low population growth rate, which has been stable at between 0.3 and 0.4 percent.

The difference in performance across the region remains a cause for concern. At the low end of the income range, Haiti and Jamaica also suffered the lowest growth rates. On the high end, Barbados and the Bahamas also had relatively low growth rates in the 1990s. The best growth

performers in the 1990s were the Dominican Republic, Guyana (recovering from steep declines earlier), St. Kitts & Nevis, and St. Lucia.

The small countries of the eastern Caribbean also saw good performance in the 1990s, but this reversed after 2000. GDP fell by 1.3% in 2001, and a further 0.2% in 2002, a combined decline unprecedented since 1976. This fall reflects the region's vulnerability to external forces and the confluence of a number of events – September 11th and its impact on tourism; steep declines in the export of traditional products, notably bananas and sugar; natural disasters, particularly two tropical storms; and the global economic downturn.

Sources of Growth: The main source of growth in the Caribbean has, in most cases, been the services sector, with wholesale and retail trade (including hotels and restaurants) the most dominant component. Services contribute more than 50 percent of GDP in all countries except Guyana and Haiti. Agriculture, meanwhile, has been in decline and exceeds 25 percent of GDP only in Guyana and Haiti. Overall, the contribution to growth of the services sector has risen from 35 percent in the 1970s to nearly 70 percent in the 1990s.

The Macroeconomic Environment and the External Sector: The Caribbean has been relatively successful in achieving inflation stability. All countries except Haiti, Jamaica, Suriname and the Dominican Republic have low to moderate single-digit inflation. However, high debt-to-GDP ratios and high fiscal deficits raise questions of long-run sustainability.

Jamaica, one of the region's larger economies, has a debt burden of 150% of GDP and in 2002 and 2003 revenues missed budget targets by a wide margin. In the spring of 2003, pressure on the currency left the Jamaican dollar devalued by 17% and net international reserves down by a third. The country's international credit rating has been downgraded, and recent attempts to access the usual international debt market sources failed. Jamaica enters 2004 facing the prospect of a growing fiscal crisis and the need to undertake a mix of difficult and painful steps to restore stability and begin to achieve real sustained growth.

In the small eastern Caribbean states, fiscal deficits have also become unsustainable and pose a risk to the stability of the region. The fiscal position has deteriorated sharply in recent years, resulting in negative investment in public institutional and physical infrastructure, marked increases in public debt, and debt service arrears (e.g., Dominica, Antigua and Barbuda). The combined central government deficit widened from 5.5% of GDP in 2000 to about 7.0% of GDP in 2002, well above levels that make the IMF, and international creditors and credit rating agencies very nervous. Annex E is a more comprehensive analysis of the Mid-term Economic Outlook for the subregion.

For the Caribbean in general, a decline in the current account deficit in the 1990s compared with the 1980s reflected improvement in the savings-investment balance and in the ability to finance imports through exports. Barbados, Suriname and Trinidad & Tobago achieved a current account surplus in the 1990s, while Guyana and the ECCB member countries (with the exception of Antigua and Barbuda) reached two-digit current account deficits.

<i>Foreign Direct Investment, 2001</i>		
<i>Country</i>	<i>Net Inflows US\$ millions</i>	<i>as % of GDP</i>
Antigua and Barbuda
Barbados	17.5	.6
Belize	34.2	4.2
Dominica	11.9	4.5
Dominican Republic	1200.0	5.7
Grenada	34.3	8.6
Guyana	56.1	8.0
Jamaica	613.9	7.9
St. Kitts and Nevis	82.9	24.2
St. Lucia	50.9	7.7
St. Vincent Grenadines	35.7	10.1
Trinidad and Tobago	834.9	9.5

Source: World Bank Data Profile Tables

The Caribbean is a significant recipient of foreign direct investment (FDI), which, along with official and private transfers, has helped finance the current account deficit. The main recipients of foreign direct investment (as a percentage of GDP), are the Dominican Republic, Grenada, Guyana, Jamaica, St. Kitts & Nevis, St. Lucia, Trinidad & Tobago, and St. Vincent & the Grenadines. With the exception of Guyana, which experienced sharp improvement in growth in the 1990s, along with an upsurge in FDI, most of the lower income countries are not significant recipients.

Natural Assets: The Caribbean islands are highly vulnerable to environmental degradation and natural hazards. Throughout the region, and especially in the small eastern Caribbean islands, insufficient attention has been given to land-use and building planning, policies and practices that would reduce risks and limit the negative impact of human activity on natural assets. Environmental quality is deteriorating throughout the region and natural disasters continue to set back development efforts.

Poverty: There are significant variations in the region with respect to the percentage of the population below the national poverty line. Haiti has the highest poverty rate at 53 percent, which is consistent with the below average social indicators of its citizens. Barbados has the lowest rate of poverty at 13.9 percent. GINI index data, a measure of relative inequality available for a small sample of Caribbean countries, shows a relatively narrow range of difference, from 36.4 for Jamaica to 47.4 for the Dominican Republic.

In the OECS countries, poverty levels range from 25 to 38 percent in the Windward Islands (i.e., Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines) and 10 to 15 percent in the Leewards (i.e., Antigua and Barbuda, St. Kitts and Nevis). The decline of the rural economy has created significant pockets of rural poverty and stimulated rural to urban migration, especially in Dominica and St. Vincent, and growing urban poverty as well.

Employment: Unemployment is high in the region and does not vary greatly among the countries. Barbados has the least unemployment, at 9.3 percent, while the Dominican Republic and Jamaica have the highest rates, 15.9 and 15.7 percent, respectively. Based on limited data, the educational quality of the labor force also appears to be high. However, the percentage of labor force with secondary education varies from 15 percent in Belize to 64 percent in Barbados.

c) Social Indicators

The ranking of Caribbean countries on the UN Human Development Index ranges from a high of .864 for Barbados (number 31 on the list) to a low of .467 for Haiti (ranking 134th out of 162 countries). The OECS countries all rank in the high or medium range – from Antigua & Barbuda at .833 to St. Lucia at .728.

One indicator that is unfavorable throughout the region is that of HIV/AIDS prevalence. When the Caribbean region is compared to the rest of the developing world, it also ranks

Comparative Levels of Income and Development		
<i>Country</i>	<i>GDP Per Capita PPP US\$</i>	<i>Human Dev't Index Value</i>
Antigua and Barbuda	10,225	0.795
Barbados	14,353	0.864
Belize	4,959	0.776
Dominica	5,425	0.800
Dominican Republic	5,507	0.722
Grenada	6,817	0.795
Guyana	3,640	0.704
Haiti	1,464	0.467
Jamaica	3,561	0.738
St. Kitts and Nevis	11,596	0.800
St. Lucia	5,509	0.749
Trinidad and Tobago	8,176	0.798
St. Vincent/Grenadines	5,309	0.748
Source: UNDP Human Development Report 2001		

badly with respect to youth at risk, and average to well with respect to the rest of the social indicators.

HIV/AIDS: AIDS is a serious problem in the Caribbean – a developmental challenge with implications far beyond medical and health concerns. The Health Economics Unit at the University of the West Indies estimates that in 2005 over 4 percent of GDP in Trinidad and Tobago and 6 percent in Jamaica could be lost due to AIDS. At the end of 2002, the adult HIV/AIDS prevalence in the Caribbean of 2.4 percent is surpassed only by sub-Saharan Africa. Within the Caribbean region, frequency rates vary, but are climbing. For example, between 1999 and 2001, Jamaica's rate rose from .71 to 1.2 percent. Social patterns of early sexual initiation and multiple partners increase the risk and, increasingly, women are infected in greater numbers than men.

Youth at Risk: The Caribbean also compares poorly with other developing regions with regard to youth at risk. One measure is the overall high fertility rate among young women ages 15-19, which varies from 93.2 per 1,000 in the Dominican Republic to 33.9 in Trinidad and Tobago (UNFPA data). Another measure is poor school performance and high dropout rates for young men, which leaves them poorly prepared for productive employment.

Health: Health indicators, such as the mortality rate of infants and the percent of births attended to by trained health personnel, point toward good health status for the Caribbean population as a whole. On average, trained health personnel attend 84 percent of births in the region. Haiti, where trained personnel attend only 21 percent of births, has the poorest performance with an infant mortality rate of 70 per 1000. Trinidad and Tobago has the lowest infant mortality rate, at 16 per 1000.

In the OECS countries the basic health indicators are generally good. There have been significant improvements over the last two decades. Today, the major health threats are lifestyle-related: HIV-AIDS, obesity and chronic non-communicable diseases (hypertension, diabetes, heart disease).

Education: Education is a forte in the Caribbean, displayed not only by high public spending on education, but also relatively low illiteracy. True to the diversity of the region, public spending on education varies from 9.3 percent of GDP in Guyana to 1.4 percent of GDP in Haiti. This is reflected in Haiti's regional high 50 percent rate of illiteracy contrasting with Guyana's low 1.5 percent rate of illiteracy.

In the OECS countries, public sector investment in education has declined with some deterioration in physical structures. Primary level education is universal across the sub-region, but secondary school enrollment rates are much lower, meaning that many young persons leave the education system with minimal literacy and numeracy skills. Only a small portion of secondary graduates succeeds in certifying examinations giving access to the tertiary level. Lack of technical and vocational training leaves most secondary graduates without the practical skills appropriate to the job market or active entrepreneurship.

Gender: Women have a good standing overall in the Caribbean. The percentage of women employed in the nonagricultural sector is above 30 percent for all Caribbean countries, ranging from a minimum of 34 percent in Suriname to a maximum of 47 percent in Barbados. Women still remain underrepresented at the highest levels in government and business and, in at least some countries, they continue to receive lower pay even for equal work. In education, male dropout rates are a problem and women outnumber men by almost three to one at the

University of the West Indies. Poorly educated young men face poor employment prospects and high levels of crime and violence.

In the Caribbean, high social value is given to gender roles and behaviors that carry heavy social and economic costs. For the men, masculinity is identified with sexual prowess and ability to father children with multiple partners, and the ability to make money. Women face social pressures to bear children, both to fulfill their female identity as mothers and often as a way to secure economic support from the male partner. A high unemployment rate means that men often cannot provide for the economic needs of these children; and early pregnancy results in school dropout and limited job opportunities for young mothers. Annex B provides a more extensive discussion of key gender issues and recommendations.

4. Strategic Challenges

The small States of the Caribbean Community are particularly vulnerable to the volatility in income and hence in their internal resources for development in light of their trade openness, high export dependency and the adverse terms of trade for primary products. The increasing loss of market security in recent years arising from international trade policy has magnified this situation. They are also extremely vulnerable to natural disasters which often reduce the life of otherwise long-term infra-structural investments to less than 5 years. This creates the need for repeated outlays of the available resources for development on replacement of infrastructure rather than on building new infrastructure or on new non-infrastructure type activities which stimulate development. – CARICOM statement to the UN International Conference on Financing for Development in Monterrey, Mexico, in March 2002

a) Vulnerability

Vulnerability is an issue in almost all development areas. Small size and open economies make the countries of the Caribbean highly vulnerable to external market conditions. They depend economically on fragile natural resources while geography exposes them to natural hazards, including increased threats from climate change.

Economic Vulnerability: The small market and limited production capacity of the region, even taken in its entirety but exacerbated by dispersal among small states, means that it is less able to build a broad, diverse base of products. With small domestic markets, the region has to be export oriented and has little to buffer global conditions.

The region is particularly unprepared to face the demands of an open trade environment and imminent trade liberalization is seen as a threat to the stability of the region. Several countries have relied heavily on trade preferences for their major exports and several still rely heavily on customs duties and other taxes on trade.

The financial sector is another area of vulnerability. Supervision has improved but is still uneven. Grenada and St. Vincent remain on the OECD non-cooperative list regarding inadequate money laundering policies. There are revenue considerations, and issues of governance. Continued non-compliance will affect the region as a whole, not only with the USG, but also with other potential traders and investors.

Imports as a % of GDP	
Antigua and Barbuda	85.6
Barbados	56.0
Belize	67.7
Dominica	64.5
Dominican Republic	39.5
Grenada	74.8
Guyana	110.7
Haiti	27.4
Jamaica	18.7
St. Kitts and Nevis	76.0
St. Lucia	65.6
St. Vincent/Grenadines	60.1
Trinidad and Tobago	45.2
Source: World Bank	

Disaster Experience (1970-1999)		
<i>Country</i>	<i>Economic Losses (1998 \$m.)</i>	<i>Losses as % of GDP (1995)</i>
Antigua & Barbuda	105.7	18.1
Belize	33.8	5.4
Dominica	133.4	55.0
Grenada	30.1	9.5
Guyana	29.8	4.6
Jamaica	1988.1	29.3
St. Kitts & Nevis	312.5	116.5
St. Lucia	1554.6	272.3
St. Vincent/Grenadines	47.0	16.5
Trinidad & Tobago	16.7	0.3
From Table 1.10 in the IDB Research Department Report, "Natural Disasters in Latin America and the Caribbean: An Overview of Risk", October 2000		

Attitude itself is an area of vulnerability. The region has grown used to reliance on preferences and its need for "special and differential" treatment is repeated so often that it takes on a force of its own. The feeling of vulnerability makes the region more "risk averse" and this obstructs useful change.

Physical Vulnerability: Many of the islands and coastal nations of the Caribbean are prone to natural disasters, especially hurricanes and flooding. Because of their size, the small countries also have less redundancy in their lifeline systems and have a high proportion of their resources exposed to loss in a single event. Climate change is an added prospect of physical vulnerability for these small islands

and coastal areas.

The natural resource base of the region – sea and land – is a valuable but fragile asset. It is vulnerable to degradation, including negative impacts from the economic activities that depend on this base – tourism and agriculture. The region depends heavily on imported energy and has suffered from severe cost shocks, while shipping oil through the region poses a risk of spills. More investment is needed to develop alternative and renewable energy sources.

Although there is widespread recognition of the need for comprehensive disaster management and better management of the environment, there is both a shortage of people with needed skills, for example, in physical planning, and difficulty in mobilizing political will and concerted action.

Social Vulnerability: Despite relatively good ratings on most social indicators, the Caribbean also faces vulnerabilities related to its human resources and culture. The Caribbean fares poorly compared to other regions of the world in HIV/AIDS prevalence and the number of youth who are considered "at risk." In many Caribbean countries children begin sexual activity at a very early age, which results in early pregnancies and sexually transmitted diseases, including HIV/AIDS, while there is a serious problem of boys dropping out of school and being poorly prepared for legitimate employment. Factors cited as contributing to these risky behaviors include abuse at home and lack of parental guidance as well as school practices that discourage some students.

The region faces significant disruptions of livelihood as it adjusts to WTO rules and FTAA and possible IMF regimes (as Dominica already faces). A stronger safety net is needed. Several islands are pooling resources in a stabilization fund, but their total resources are still low.

b) Governance

Political Process: All of the Caribbean countries except Haiti score above the 50th percentile on voice and accountability in World Bank governance ratings. However, the political process in several countries involves fierce partisanship, leading at times to episodes of

election violence and, more pervasively, to short term political expediency at the expense of forward-looking policies and political will, thus obstructing development. The Dominican Republic, Trinidad & Tobago, Jamaica, Guyana and Haiti all fall below the 50th percentile when measured on political stability.

Sound Policies and Effective Regulation: The region fares well in the World Bank ratings on government effectiveness and regulatory quality although several countries are barely above the 50th percentile on the effectiveness measure. Sound policies are important to development, but effectiveness in implementation is equally essential and more difficult to achieve.

Governance theory suggests that quality is enhanced by moving governments closer to the people they are intended to serve, an area of weakness in most of the islands, where well-established community level governance institutions are lacking. Legislative and regulatory weaknesses are another governance challenge. For example, environmental laws are often inadequate to support proper enforcement and more effective rules are needed to protect rights of those living with HIV/AIDS and to permit them to remain productive in society.

Respect for Law and Control of Corruption: Crime is rising dramatically throughout the region. Among the main contributors are the spillover effects of international crime and drug trafficking and reduced local employment opportunities. The police forces of many states are weak and may include pockets of corruption, while legal/judicial systems have not adequately modernized to maintain and improve efficiency. One consequence of the judicial system's inability to respond to its growing burden is declining respect for the system. Another challenge is laws and regulations that are themselves outmoded or inadequate. Most of the countries rank in the middle range for control of corruption, but there is significant room for improvement with major consequences for development results.

Annex D assesses Accountability, Corruption and Conflict Potential.

c) **Human Resources Capacity**

Most countries in the region have had relatively strong educational systems reflected in high literacy rates, although in some countries there has been slippage even in the quality of basic education. There is a lack of entrepreneurial culture and a shortage of skills needed for competing in a knowledge-based global economy. The business community is not well organized to promote changes in favor of competitiveness and Caribbean entrepreneurs tend to defensive attitudes that discourage cooperation among firms.

Regional education and training institutions have not adjusted to provide skills the region needs to be globally competitive. Skills in short supply include negotiating trade issues and technical and management skills in such areas as information and communication technology, environmental management and land use planning.

Even under the best of circumstances, the relatively small population of the region means a small pool of human resources to draw from. This is made worse by the outflow of people with education and skills seeking more opportunities in the larger arenas of North America and Europe. Although there is empirical support for the hypothesis that the "brain drain" actually benefits some developing countries of origin, this does not apply to the small countries of the Caribbean. Jamaica and Guyana are notable in exceptionally high cost in GDP growth related to emigration (Beine et al. 2002). Lack of mobility within the region adds

to the problem. Despite the objective of a single market and economy, so far only very limited steps have been taken to allow free movement for employment within the region.

B. Assistance Strategy Summary

1. Overall Goal and Timeframe

Among the most significant economic challenges for the region during this strategy period (2005 to 2009) will be coming into full compliance with World Trade Organization conditions and adapting to two major trade agreements – the Free Trade Area of the Americas Agreement (FTAA) and the Economic Partnership Agreement (EPA) with the European Union. The depth of these and other challenges faced by the region do not permit predicting “graduation” by the end of this period. The circumstances of the Caribbean, comprised of small countries in close proximity to the US, suggest that the US should anticipate a continuing commitment to the region as a friendly and helpful neighbor. Still, it is reasonable to expect substantial development progress, which will change the relationship over the next ten to fifteen years.

A descriptive goal statement for this sustainable development strategy is: ***Caribbean region is globally competitive in trade and in quality of life.*** In order to compete economically in global markets, the region must attract and retain the human talent that will enable it to remain competitive.

Strategy ideas papers submitted by the Mission and consultations with USAID/ Washington staff in December 2002 informed planning parameters for the strategy. The parameters were provided in SECSTATE 102655, dated April 22, 2003, included as Annex A.

2. Summary of Strategic Objectives

The strategy for the Caribbean Regional Program for FY 2000 through FY 2004 was designed in 1999. As presently configured, the program has four strategic objectives:

- RSO-1. Improved business environment to meet international standards*
- RSO-2. Improved environmental management by public and private entities*
- RSO-3. Increased effectiveness and efficiency of legal systems in the Caribbean*
- RSO-4. Enhanced Caribbean response to the HIV/AIDS crisis in targeted countries*

The HIV/AIDS objective was added to the strategy in April 2001 concurrent with the “Third Border Initiative.” Another new activity under this initiative, the regional “Center for Excellence in Teacher Training,” has been incorporated into the planning for this new strategy.

Strategic planning for the period beyond FY 2004 is based on the solid foundation of the current strategy, which participants and observers have judged to be “on the right track.” While planning for the new strategy has involved stepping back for a fresh look at the development conditions and challenges in the region, this has not resulted in a major redirection. However, with anticipated resource constraints, the focus of the strategy has been sharply tightened and it has been reconfigured to emphasize strong synergies among the program elements.

The new strategy will narrow to two strategic objectives. The first objective, ***Caribbean region positioned to succeed in an open trade environment***, includes activities aimed at helping the region meet requirements to participate in open trade regimes, reduce business

constraints and leverage market opportunities, as well as strengthen the legal infrastructure and environmental framework related to open trade.

For the second objective, which also has implications for the region's economic competitiveness, two options are present. The preferred Option 2 is ***HIV transmission reduced in target countries in most-at-risk populations and impact of HIV/AIDS mitigated in the region.*** If funding constraints dictate, the Option 1 SO statement is ***Enhanced regional response to the Caribbean HIV/AIDS epidemic.***

There is a possible need for a special objective to address weakness in the financial sector that may pose critical threats to achieving the strategy and to the region's economic health. Decisions and recommendations will depend on the outcome of assessments still underway.

The primary thrust of the strategy supports most directly the joint Department of State/USAID strategic goal to *Enhance economic prosperity and security by promoting global economic growth, development, and stability, while expanding opportunities for U.S. businesses.* It also supports joint State/USAID goals in advancing democracy, improving health and the environment, and minimizing the cost of natural disasters. The strategy also addresses the UN Millennium Development Goals to combat HIV/AIDS and to develop a global partnership for development.

3. Customers and Partners

The strategic planning process began with extensive formal consultations with a broad array of stakeholders (representing public and private entities including other donors) during the summer of 2002. For efficiency this was mainly done through written questionnaires. Consultations continued as needed for validation or clarification during development of the initial ideas documents and the first draft, which was then discussed in nine formal meetings with a total of 97 representative stakeholders, held in eight countries.

Key partners for program implementation will include CARICOM and relevant agencies of the OECS, business and non-governmental organizations, as well as US firms and non-profit organizations able to provide appropriate technical services. The HIV/AIDS program will continue work with CAREC and the CDC.

In the relatively mature Caribbean, the Global Development Alliance business model will be used whenever possible. Private financing proposed in response to Annual Program Statements (APS) will provide market evidence to guide selection of sectors for assistance in enhancing business competitiveness.

4. Regional Development Strategies

In July 2002, representatives of civil society and heads of government from the CARICOM states met at Liliendaal, Guyana. The Statement of Principles that emerged from that consultation recognized the challenges “posed by globalization and the resulting complex economic, trade, environmental, social and legal issues” and expressed concern about increasing transnational crime, terrorism, migration of scarce skills and social problems including male dropouts, violence against women and children, poverty and HIV/AIDS.

The OECS Heads of Government formally adopted a Development Charter of October 2002 that maps out a vision for the long-term development of the region, with strategies at the national and regional levels. The Charter provisions are within the context of the move

towards an OECS Economic Union and plans to spur economic growth and transformation in the sub-region.

The Charter speaks to economic transformation through agriculture, tourism, non-tourism services, financial services, manufacturing, transportation, and information and communications technology. The Charter also addresses human development with emphasis on reducing poverty through education, and increasing the number and quality of jobs. It focuses on improving access to health care and provision of adequate shelter and promotes empowering disadvantaged groups. The human development agenda also involves development of sports, environmental sustainability, good governance and the role of the media in seeking and disseminating information.

5. Cross-Cutting Themes, Linkages and Synergies

a) Human Capacity/Gender

The proposed interventions recognize that the Caribbean countries face special human capacity constraints by their very size. Mobility and emigration further complicate the problem. Both strategic objectives include elements of capacity building, as well as approaches to address the constraints through efficiency, for example, by using regional or sub-regional mechanisms. Most significantly, by supporting the region's movement toward greater integration and modernization, the strategy will expand opportunities within the region that will retain and attract people with education and skills.

The strategy recognizes needs for higher-level technical skills, whether to meet requirements of new trade agreements, support competitiveness, protect the environment or combat HIV/AIDS. It does not include general support for higher education or adult skills training systems and institutions in the Caribbean, but will address these needs in specific areas of program activity when essential to achieve results.

b) Governance

The widespread concern about the quality of governance in the region is generally directed at government institutions, but governance goes beyond government, involving the interaction between the formal institutions of government and those of civil society. A common thread throughout the proposed program is the interaction between government, the private sector, and non-governmental organizations.

c) Public Understanding and Support for Change

In the Caribbean, the normal human reluctance to replace the known with the unknown is exacerbated by strong feelings of vulnerability. At the same time, political leaders often tend toward short-term expediency and popular causes rather than bold, far-sighted actions for which there is little popular demand. People will change in a crisis, but the development assistance strategy seeks change without crisis. To this end, one activity common to both strategic objectives will be public education aimed at increasing knowledge and understanding of the interventions in order to change attitudes and build confidence and support for necessary changes.

d) Regional/Bilateral Program Synergies

There are significant linkages and synergies between the bilateral program in Jamaica and the Caribbean Regional Program, beyond shared management responsibilities. Bilateral program

experience can inform broader regional applications – for example in business services. The reverse is also true, as, for example, in the competitiveness program.

Jamaica and other countries in the region that have bilateral programs (Guyana, Haiti, Dominican Republic) also benefit from region-wide activities, for example, in such areas as trade negotiations, legislative drafting, and meeting the HIV/AIDS challenge.

C. *Summary Resource Requirements*

Program Costs

The proposed five-year base program cost to USAID to achieve the two strategic objectives is \$81 million. The strategy aims to achieve substantial results with limited USAID resources through synergies among the activities and by leveraging ideas and resources from nongovernmental and private sector sources.

D. *Program Management*

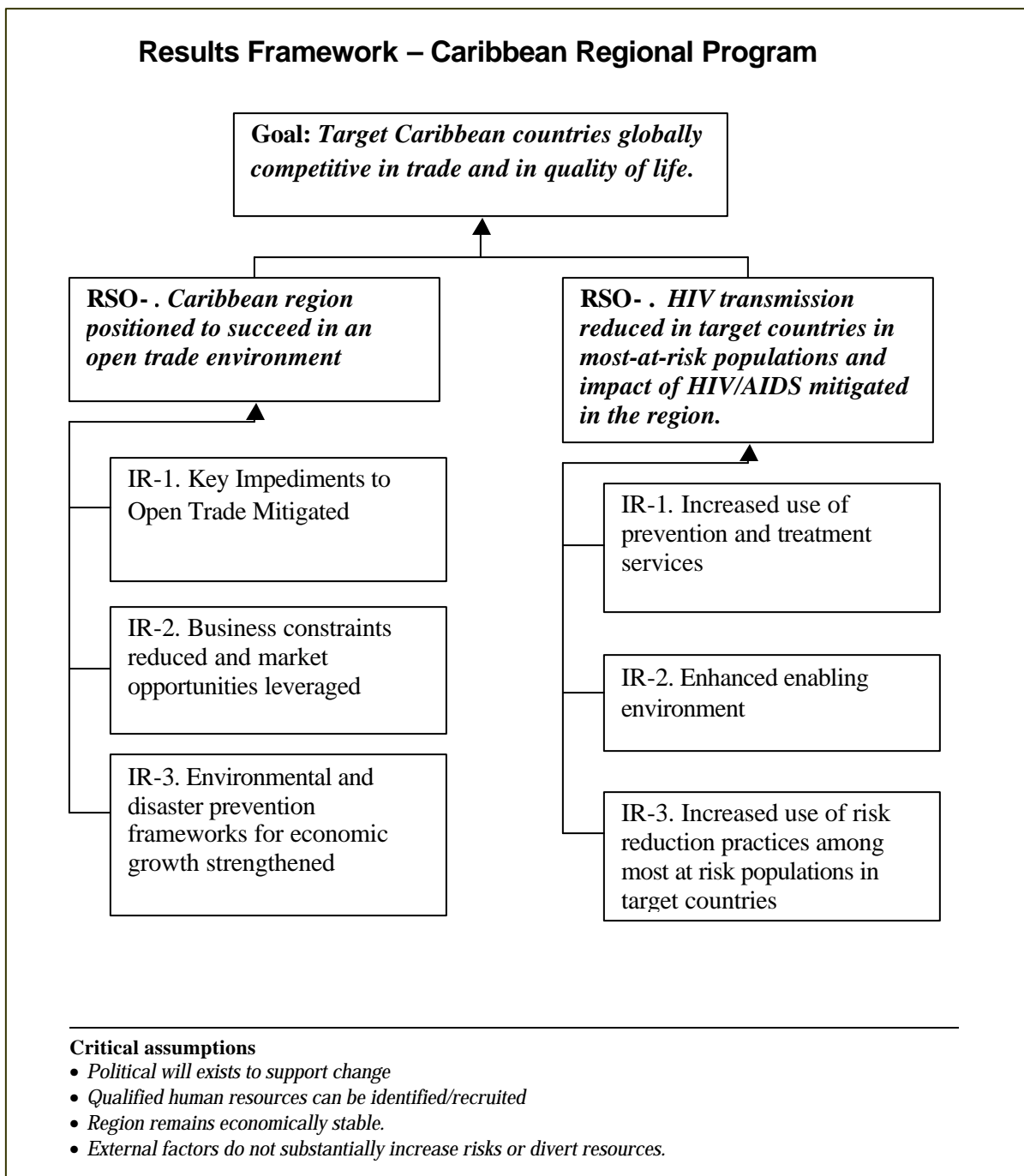
USAID/J-CAR has program management responsibility for both the Jamaica bilateral program and the Caribbean Regional Program. The Jamaica office manages the bilateral program, which is described in a separate strategy document, and provides management oversight and support for the regional program. The Barbados satellite office handles day-to-day management of regional program activities.

In addition to reducing management units and building synergies in the program, the Mission will bundle activities under umbrella mechanisms and will use the Annual Program Statement (APS) mechanism to tap external creativity and planning capacity. The reduction in management intensity will enable the Mission staff to give more attention to strategic issues, policy engagement and cultivating partnerships.

While sharpening the program focus, the strategy anticipates a higher profile for USAID in the region and greater emphasis on collaboration and partnerships. A fully staffed office in Barbados will permit a closer relationship with other US agencies based there and with other donors and counterpart Caribbean organizations as well as potential private sector partners.

II. Strategic Objectives and Results Framework

The proposed strategy for the Caribbean regional program includes two strategic objectives, addressing the region's most daunting challenges. The first will help the region succeed economically in an open trade environment. The second will help the region respond to the threat from HIV/AIDS. The Results Framework below uses the preferred option for the HIV/AIDS program.



A. Positioned to Succeed in an Open Trade Environment

1. Background and Rationale for the SO

Sustainable economic growth remains a top concern in the Caribbean region. Weak growth in the recent past, coupled with an array of development challenges intrinsic to the region – small size, insularity, exposure to natural disasters – and now the external challenge of trade liberalization, reinforce that concern. The small countries of the Caribbean are open and heavily dependent on trade and vulnerable to external trade shocks. They rely on a few commodities or sectors. Several are virtually mono-crop economies that have relied on preferential trade arrangements, which now face certain dismantling as a result of World Trade Organization (WTO) mandates.

Between now and the end of the strategy period, the Caribbean faces a daunting list of trade related adjustments. The region is trying to establish a Caribbean Single Market and Economy (CSME) to enhance its negotiating and competitive position. Many of the countries face significant steps to comply with WTO requirements. And, Free Trade Area of the Americas (FTAA) and the EU/ACP Economic Partnership Agreement (EPA) negotiations are both scheduled for conclusion in the strategy period.

The public sector has limited resources, including few people with necessary technical skills, to meet the requirements of new trade agreements and provide an enabling environment for business to successfully compete in open markets. National and regional interests must be identified and represented across a wide set of often concurrent and highly technical negotiations. New laws must be drafted and enacted and the new Caribbean Court of Justice must be enabled to handle trade cases. The impact of global trade and globally competitive economic activity on the fragile island environments of the Caribbean and the impact of forces of nature on economic activity also must be addressed if growth is to be sustainable.

The private sector “engine of growth” is slow in understanding the global changes and in making fundamental adjustments to respond. Civil society also has yet to comprehend the new forces shaping the political and economic environment and to develop effective ways to respond and to influence policy. In extensive consultations with regional stakeholders, one consistent theme was that the business community is not prepared for the changes in global trade and needs information on the international agreements and their implications for business. Another theme was that, although there is no shortage of liquidity, the cost of doing business in the region is high and restrictive due to multiple layers of fees, onerous collateral requirements, lack of market sophistication and weak capital markets.

The stakeholder consultations indicated that the overall thrust of the current strategy is sound and should be continued. Proposed adjustments were generally expansive, e.g., to regionalize currently sub-regional activities, expand the SME program, further develop the financial sector, and help develop human resources with technical and vocational skills. Other recurrent observations included the importance of public education in all areas as well as concerns about ability to attract and retain people with needed skills and about sustainability.

While the region clearly would like to have USAID continue assistance in all current areas and do more, in view of likely resource limitations, the Mission has refined the strategy to narrow its focus to the huge challenge of trade liberalization. Three strategic objectives in the current strategy – RSO-1 *Improved business environment to meet international standards*; RSO-2 *Improved environmental management by public and private entities*; and RSO-3

Increased effectiveness and efficiency of legal systems in the Caribbean – that are linked to economic growth are replaced with one new regional strategic objective: ***Caribbean region positioned to succeed in an open trade environment.***

Although the new SO includes legal systems and environment activities, it does not just reorganize activities under one heading, but truly narrows focus, excluding areas of current activity and proposed expansion. Among the more significant things that were contemplated but that will not be done by USAID under the new strategy are:

- Extending court system modernization initiated in the OECS to the wider region;
- Building general legal system capacity, for example with Bar Associations and Public Prosecutors; and
- Addressing environmental concerns at the level of eco-systems (“ridge to reef”/“white water to blue water”).

While these and other areas of activity have strong justification, the strategy is to get maximum impact on the most crucial challenges by narrowly focusing limited resources. The new SO contributes directly to the USAID/Department of State joint strategic plan performance goal of *Increased trade and investment achieved through market-opening international agreements and further integration of developing countries into the trading system*. It supports the U.N. Millennium Development Goal to develop a global partnership for development.

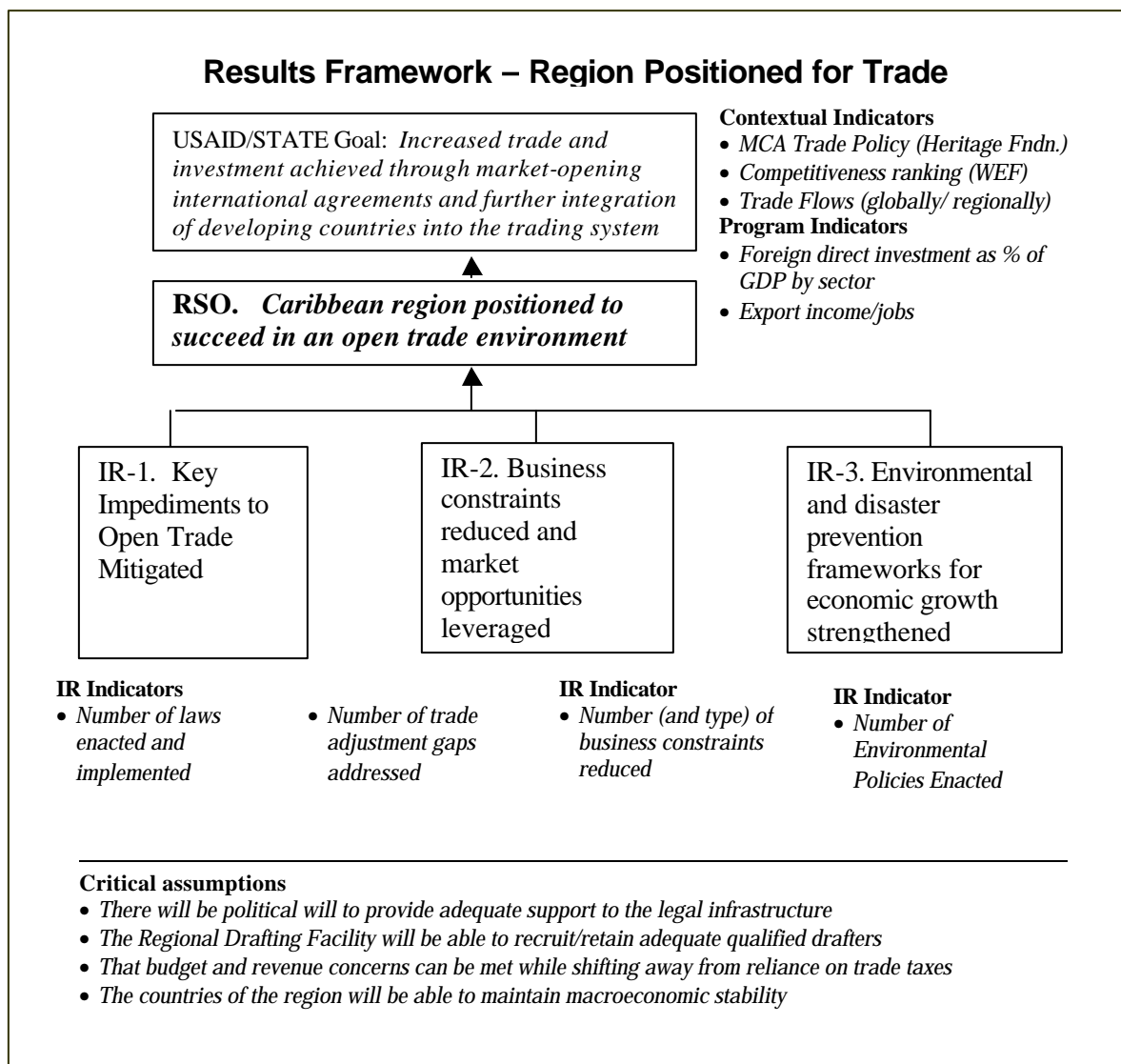
2. Results Framework

Positioning the region to succeed in an open trade environment will require a wide range of adjustments and the objective will be achieved through four intermediate results addressing the necessary legal infrastructure, compliance with trade agreement requirements, enabling the business community to be internationally competitive, and strengthening the environmental and disaster prevention frameworks for growth.

IR-1. Key Impediments to Open Trade Mitigated: The new trade arrangements facing the region require significant adjustments in both specific legislation and ability to apply and enforce the laws. It will also require a wide range of adjustments required by new trade rules, including the region’s move to become a single economic space.

Under the current strategy, RSO-3, *Increased effectiveness and efficiency of legal systems in the Caribbean*, is geared at enhancing court systems efficiency and fairness by improving the operating environment of the OECS Courts. In addition, the program has provided technical assistance to the CARICOM Secretariat to help educate the region about the new Caribbean Court of Justice, and to establish a regional legislative drafting facility which has started to draft laws with respect to the establishment of a Caribbean Single Market and Economy, Justice and Security issues and HIV/AIDS issues.

The new strategy will build on this foundation, but will focus on trade-related activities in the regional legal infrastructure. One major area of activity will continue support for the regional legislative drafting facility to draft legislation that is needed to meet trade agreement terms and enable the private sector to be competitive in this new open trade environment. Draft legislation does no good until it is enacted, so support for enactment will also be provided through policy dialogue, public education, and by working directly with attorneys general and parliamentarians. Another weakness in the region is in implementation of laws placed on the books. The program will include assistance in the implementation of enacted laws.



A second area of activity will focus on capacity for adjudication of commercial and trade related issues. This will include training for the new Caribbean Court of Justice, which has original jurisdiction on all trade matters.

Drug trafficking, money laundering and trade in persons – areas of special U.S. interest in the region – could also be considered related to trade. However, USAID will coordinate with and rely upon other U.S. agencies for primary support to the regional legal systems in these areas of international crime. The Department of Justice, Drug Enforcement Agency and other elements of the U.S. team in the Caribbean have active programs combating international crime and strengthening mutual security.

The strategy will also consider creative ways to address the range of adjustments required by new trade rules, including the region's move to become a single economic space. The targeted adjustments ultimately should result in increased trade flows both intra-regionally and internationally. Assistance will be guided primarily by a selective identification of cross cutting priority needs within CARICOM. There will also be emphasis on following through on implementation at the national level through technical assistance and other support needed.

However, with limited resources, this will be very selective and aimed at establishing models for replication.

Priority will be given to common regional adjustment gaps identified in the FTAA Hemispheric Cooperation Program using the Trade Capacity Building Strategies from the CARICOM countries. One area of activity will be to address the fiscal obstacles to adjustment. Several Caribbean states still rely heavily on trade-based taxes and will have to shift to other revenue sources. In some cases, expenditure reduction may also be important to the fiscal stability needed for competitiveness. The program will likely also include support for trade-related statistics, and training in trade-related topics. Public awareness and education programs are another area where USAID can help the region in the adjustment process.

IR-2. Business Constraints Reduced and Market Opportunities Leveraged: Besides activities to reduce “red tape” and other governmental constraints on business, the program will explore other avenues to cut costs, increase productivity and meet competitive market standards. The program will seize on market opportunities that may present themselves using tools such as the Development Credit Authority, as well as the Global Development Alliance (GDA) business model, relying on Annual Program Statement (APS) to elicit private financing as evidence of where the market wants to go.

It is also possible that assistance to strengthen financial markets will become a priority to increase potential for regional economic growth. In addition, the program will work with regional initiatives or market opportunities in non-traditional development areas that promote private investment, enhance competitiveness and support infrastructure development.

The USAID program under this strategy will move away from the individual enterprise level, but rather will focus on the most significant constraints inhibiting growth as well as identifying market opportunities that could assist or spur the process of economic growth within the private sector, for example, the upcoming cricket World Cup 2007 event. The program will work through supporting institutions and structures and target them for strengthening where appropriate.

IR-3. Environmental and Disaster Prevention Frameworks for Economic Growth Strengthened: The ecosystems that sustain Caribbean economies, whether based on agriculture, fisheries and/or tourism, are under increasing stress. Ecosystem stability is especially precarious where island terrestrial and coastal systems are subjected to resource-intensive uses. Ultimately the result is loss of production sustaining resources, loss of biodiversity, and unsanitary, unhealthy living conditions.

The region’s international competitiveness depends heavily on its natural assets, which can be used in unsustainable ways, or damaged incidentally by other economic activity such as from pollution. The impact of the natural environment on economic activity is also evident in the Caribbean, where, for example, hurricanes frequently destroy major investments.

Activities under the current strategy, RSO-1, *Improved environmental management by public and private entities*, focused on small tourism establishments, with special emphasis on making the sector more competitive through developing brands and standards, assessments of environmental practices, and help in adopting best practices. The new strategy may build on some of this activity under IR-2.

This IR will focus on the environmental and disaster prevention frameworks, i.e., the policies, laws and regulations, as well as entities, and incentives that will protect natural assets for sustainable competitive economic activity and guide that activity so that exposure to natural hazards is minimized. Areas of assistance are likely to include identification of market-based incentives, public education and information dissemination, and advocacy by NGOs and industry stakeholders. Inputs from various sustainable development forums, including the SIDS meetings in the Bahamas and later in Mauritius, will assist in further identification of areas of opportunity.

One area of specific attention will be the connections between the environment and a more open trade environment, such as environmental implications of trade agreements. Opportunities for leveraging market resources will be identified and developed to support and strengthen sustainable development throughout.

As noted in the CARICOM statement in Monterrey in March 2002, the small states of the Caribbean are “extremely vulnerable to natural disasters which often reduce the life of otherwise long-term infra-structural investments.” To succeed in a highly competitive environment, the Caribbean cannot afford to continue the unnecessary loss of investments, and there is ample evidence that modest investments in hazard mitigation measures yield very high returns. With support from OFDA and UNDP, the region has developed a strategy of comprehensive disaster management, which involves risk reduction and integration of vulnerability assessment into the development planning process. OFDA has also funded the Disaster Mitigation Facility for the Caribbean (DMFC) at the CDB, which is promoting national hazard impact assessments and mitigation policies. The Caribbean Regional Program will coordinate closely with OFDA to continue support for this effort.

a) Linkages and Synergies

The important synergies between the legal systems, trade capacity, competitiveness and the environment have been internalized in reducing the program focus to two strategic objectives. The second SO responds to the threat of HIV/AIDS, which has major implications for the region’s productivity and competitiveness. Moreover, there is a complex inter-relationship between HIV/AIDS and the region’s most important growth sector, tourism.

The legal infrastructure IR includes support of the regional legislative drafting facility to meet new legislative requirements for trade. The facility’s mandate already includes the areas of trade, security and HIV/AIDS and the facility will be responsible for drafting new legislation needed to support the campaign against HIV/AIDS.

Regional trade development will also support bilateral program activities that promote economic growth and trade competitiveness. All the Caribbean bilateral USAID missions will be informed and consulted about relevant regional activities, and the CRP Trade SO Team will coordinate especially closely with the Jamaica bilateral program Trade Competitiveness SO Team.

b) Other Donors and Donor Coordination

Several other donors are helping the Caribbean region respond to trade liberalization. The EU and DFID are prominent, reflecting their traditional relationships and the region’s long dependence on their trade preferences.

CIDA programs in the region that complement this SO include support for the Regional Negotiating Machinery (RNM), a human resources for competitiveness project, trade policy,

financial sector reform, and environment and disaster management activities. CIDA also supports an OECS trade policy project and some relevant bilateral programs. CIDA's new OECS strategy includes sustainable and equitable economic growth as a major program purpose.

DFID is another co-contributor to the RNM as part of its support for regional integration and trade development. DFID's new draft regional plan includes trade, regional economic integration and competitiveness as one of three strategic areas of assistance.

The **EU** provides resources for agricultural adjustment through its STABEX fund and support for private sector development. The EU is also funding a regional program to demonstrate how sustainable natural resource management can improve quality of life.

The UN Global Environment Fund supports a number of activities in biodiversity, climate change and institutional capacity building in the region.

In the area of environment and disaster mitigation, CIDA is funding the Caribbean Hazard Mitigation Capacity Building Programme (CHAMP) of the Caribbean Disaster Emergency Response Agency and executed by the OAS to enhance regional capacity to reduce vulnerability to the effects of natural hazards. The CDB is implementing the DMFC funded by OFDA.

The **CDB** has just assumed leadership of the main donor coordination forum – formerly called the Consultative Group for Caribbean Economic Development (CGCED) and renamed the Caribbean Forum for Development. Other more immediate mechanisms for donor coordination also exist, mostly groups organized around sectors or themes. An April 2002 UNDP report listed 14 such groups based in Barbados just for the Eastern Caribbean (Marshall 2002). USAID will work with the CDB, UNDP and other donors to achieve the coordination and harmonization that all agree is important.

c) Assumptions and Risks

Critical assumptions for the SO include:

- There will be political will to provide adequate support to the legal infrastructure
- The Regional Drafting Facility will be able to recruit/retain adequate qualified drafters
- That budget and revenue concerns can be met while shifting away from reliance on trade-based taxes
- The countries of the region will be able to maintain macroeconomic stability

d) Illustrative Activities & Partners

Activities under IR-1 to put in place the legal framework for compliance with new trade rules include continued support for the legislative drafting facility carried out by the CARICOM and OECS Secretariats. The activity will expand to include model regulations and support for enactment and implementation. The University of the West Indies is a likely partner in this expansion. (With USAID support, UWI has established an online database of court decisions and treaties and is establishing postgraduate training program in trade policy.)

Besides the legal framework, other activities will be undertaken under IR-1 to address adjustments needed to participate in the new trade environment. They will be selected from the country trade strategies, and are likely to include strengthening the development of trade statistics, improvement in customs processes, standards development, public education in support of open trade and professional training in trade policy and related areas. Mitigation of

the impact of free trade on country finances is another important area of adjustment. USAID is currently helping Dominica and Grenada in adopting VAT and excise taxes and may extend similar support to other countries heavily dependent on taxes on trade. The CARICOM Secretariat and agencies such as RNM and CARTAC, OECS agencies and UWI are likely to be major regional partners in activities under IR-1.

Activities to eliminate or reduce constraints will be chosen for broad applicability and potential impact. For example, obsolete laws and institutions inhibiting establishing new business may need to be updated. Training for the private sector in targeted areas may increase ability to respond to market opportunities. Working with the financial sector to improve its responsiveness to business needs for growth is likely to be a priority. Results of the financial sector assessment being finalized by Deloitte Touche Tohmatsu will help identify areas of opportunity. Cricket's World Cup 2007, to be held in the region, represents a significant market opportunity to focus the region, engage the private sector and take advantage of likely political will to make changes that will benefit the region's competitiveness well beyond the event. USAID will use the APS mechanism to leverage creativity and financial resources as well as signal where the market wants to go.

Activities in the area of environment and disaster management may include help in mobilizing resources so that these areas can be given adequate attention in all development activities. Risk management is an area that needs further development in the Caribbean. Another area includes laws and regulations, with some linkage to IR-1. Likely partners include the OECS Environment and Sustainable Development Unit. The APS mechanism will also be used to define activities in this area.

3. Preliminary Performance Management Plan

The overall trade competitiveness of the Caribbean region is not entirely within USAID's manageable interest. However, three contextual indicators relevant to this objective will be tracked:

- MCA Trade Policy (Heritage Foundation)
- Competitiveness ranking (World Economic Forum)
- Trade Flows (globally/ regionally)

Three SO level program indicators are also being proposed:

- FTAA National Action Plan adjustment progress
- Foreign direct investment as % of GDP by sector
- Export income/jobs

Preliminary IR-level performance indicators are noted on the Results Framework chart in Section 2.

4. Estimated Resource Requirements

a) USAID Costs

The projected base cost to achieve this objective is \$62.5 million over the five-year strategy period.

b) Other Resources (other donors, partners, host country)

Prominent among the other major donors helping the region adjust to open trade are CIDA and DFID. The strategy anticipates adequate support from other donors for the RNM and

support for the National Action Plans has been divided among several donors. The OFDA/CDB CHAMP program provides resources for disaster mitigation capacity building. A central feature of strategic approach will be to use the APS mechanism to tap creativity and financial resources from the private sector and non-governmental organizations.

c) Start and End Dates

The main implementing activity under the current RSO-1, the Caribbean Trade and Competitiveness Program, only started in the second half of FY2003 and will continue through FY2005. Other current strategy activities under RSOs 2 and 3 will be concluded by the end of FY2004 or early in FY2005. Activity design and procurement planning for the new strategic objective will begin in March or April 2004, and some initial activities will begin by October 1, 2004. All activities under the new strategic objective will be completed and the objective achieved by the end of FY2009.

B. Enhanced Response to HIV/AIDS

1. Background and Rationale for the SO:

The HIV/AIDS epidemic in the Caribbean continues to loom like a slow motion hurricane that has yet to inflict its worst damage. The estimated adult prevalence rate in December 2002 was 2.4% (UNAIDS). While still less than that of sub-Saharan Africa, it is four times that of the next most affected region. By the end of 2002, an estimated 500,000 people in the region were living with HIV/AIDS, up from 360,000 at the end of 1999. Transmission is largely heterosexual, but male-to-male sexual contact also remains a major route of transmission. Mother to child transmission is also high.

The epidemics in Haiti, Bahamas, Barbados, Guyana, the Dominican Republic and Turks and Caicos have spread to the general population, affecting 2.0-8.0% of adults. Elsewhere, the epidemic is still largely confined to most at risk populations (MARPs) – men having sex with men (MSM), commercial sex workers (CSW) and youth. AIDS is currently the leading cause of death in the 15-44 year old age group and the second leading cause of death among infants in the English speaking Caribbean. It appears that most HIV infection for women occurs between the ages of 15-19 and for men between the ages of 20-24.

Because of their larger populations, Haiti and the Dominican Republic account for the largest numbers of cases, but it would be a mistake to regard the smaller islands as footnotes or as mini-versions of the large islands when strategizing to control the epidemic in the region. The enormous amount of inter-island mobility and migration coupled with small-island economies that depend heavily on tourism make these nations particularly vulnerable to the potential devastation of the as yet uncontrolled HIV epidemic.

These small-island economies are also particularly susceptible to the deadly synergy between HIV and poverty. At the household level, AIDS pushes poor and marginalized people even deeper into poverty and often into survival strategies that increase their risk. At the wider economic level, AIDS takes people out of the workforce in their most productive years and increases costs to the private sector.

USAID's current Caribbean Regional Program on HIV/AIDS was approved by the AA/LAC in March 2001 and implementation began shortly thereafter. This coincided with an influx of other resources to fight AIDS in the region around the same time. The July 2000 International AIDS Conference in South Africa followed by the United Nations General Assembly Special Session on HIV/AIDS (UNGASS) in June 2001 heralded an overdue but welcome sea-change in the commitment of developed countries to assist the lesser developed nations in overcoming HIV/AIDS. In addition to increased commitments by major donors, the Global Fund on AIDS, TB, & Malaria (GFATM), the World Bank's Multi-Country HIV/AIDS Prevention and Control Adoptable Loan Program for the Caribbean Region, and President Bush's Emergency Plan for AIDS Relief have all resulted in immense increases in actual or promised funds coming to the region. While these resources are welcome, they represent just the *beginning* of a new phase in the fight against AIDS, and not the end.

USAID's current strategic objective for HIV/AIDS in the region is *Enhanced Caribbean response to the HIV/AIDS crisis in targeted countries* and focuses on building capacity to respond in regional governments and non-governmental organizations. The new strategy presents two options, depending on funding levels available. The first or basic option will

continue to focus on capacity building, working strictly at the regional level. The Option 1 SO statement would be: ***Enhanced response to the Caribbean HIV/AIDS epidemic.***

The second option reflects the funding level actually needed to move from continued capacity building to interventions aimed at achieving measurable impact on reduced transmission. The focus of the USAID program will be on most at-risk populations, with special attention to the countries not served by USAID bilateral programs. The Option 2 SO statement would be: ***HIV transmission reduced in target countries in most-at-risk populations and impact of HIV/AIDS mitigated in the region.***

This SO supports the Bush Administration AIDS initiatives and contributes directly to the Department of State/USAID joint strategic plan performance goal of *Improved global health, including child, maternal, and reproductive health, and the reduction of abortion and disease, especially HIV/AIDS, malaria, and tuberculosis.* In addressing the threat HIV/AIDS poses to the region's economic competitiveness, the SO also indirectly contributes to the joint State/USAID *Economic Prosperity and Security* goal. The SO also directly supports the UN Millennium Development Goal to combat HIV/AIDS, malaria and other diseases. The Caribbean Regional Program (CRP) is one of the 23 bilateral and eight regional programs identified as top priority in the "Stepped Up War Against AIDS" under the Agency's revised worldwide HIV/AIDS operational plan.

Under either option, the strategic objective will be achieved through three intermediate results that address prevention and treatment services, information, and risk reduction behavior. Because there are significant differences between the two options in all three areas, separate results frameworks and discussions are provided below. Annex F provides an expanded discussion of the Caribbean Regional HIV/AIDS strategy.

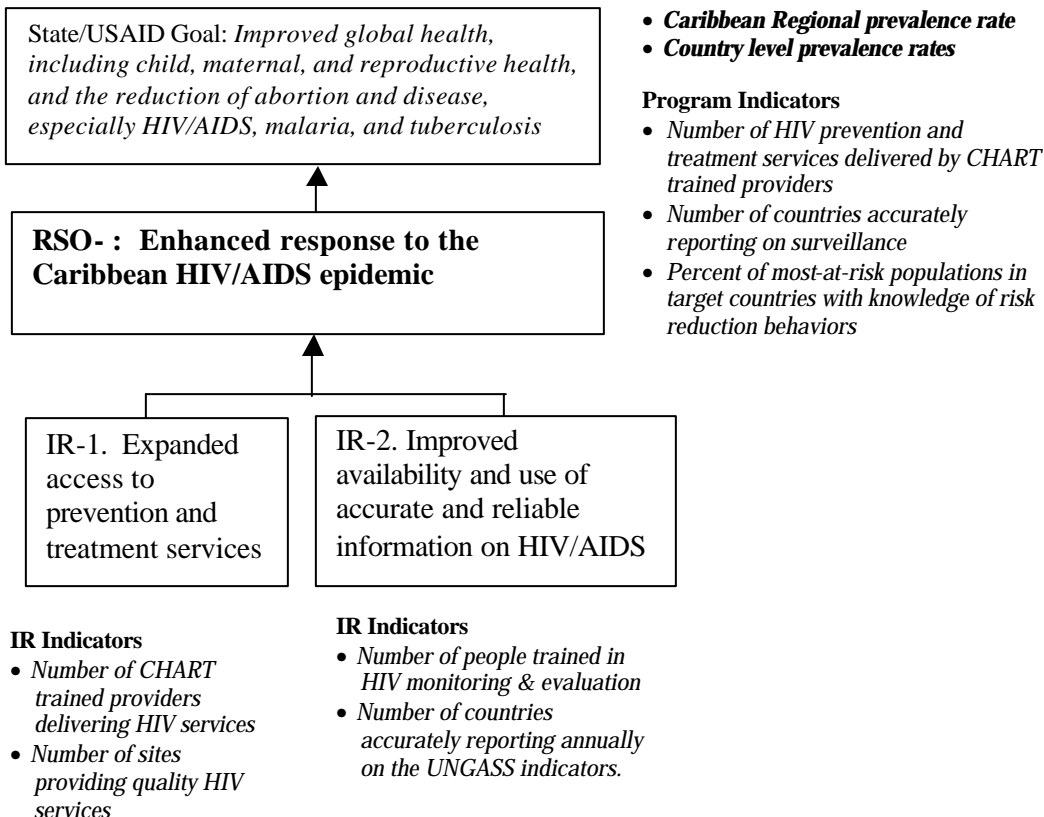
2. Results Framework

a) Option 1 – Enhanced Response SO

At the base proposed funding level (Option 1, \$18.5 million over 5 years) the focus of the regional strategy is capacity building, with results aimed at improving availability and use of accurate and reliable information and increasing the number of health care providers and public health professionals with specialty training in HIV. Key activities include building capacity of regional organizations and national-level officials responsible for HIV surveillance, monitoring and evaluation, and support to the Caribbean HIV/AIDS Regional Training (CHART) Initiative. The program's geographic focus is entirely regional, working on regional issues (such as mobility) through the most appropriate regional organization or through direct implementation.

IR-1. Expanded access to prevention and treatment services: This IR would focus on increasing the number of HIV-specialty trained health care providers and public health professionals in the region in the areas of voluntary counseling and testing, delivery of anti-retrovirals, and prevention of mother to child transmission. All training will be conducted through the CHART. Training will be implemented at the regional and sub-regional level, depending on the type of training and need. Cross-cutting themes to be integrated into training include a focus on reducing clinical provider stigma and discrimination and improving monitoring and evaluation capacity to accurately measure and report on service delivery.

Results Framework – Regional HIV/AIDS Option 1



Indicators are tentative; a definitive PMP will be developed upon strategy approval.

Critical Assumptions:

- Governments, policy makers, stakeholders in the region remain committed to fighting the HIV/AIDS epidemic.
- Exogenous factors (natural disasters, civil unrest, etc) do not increase the baseline of health risks in the region, or divert resources from the HIV/AIDS fight .
- The social 'space' to work with target high risk/sensitive populations does not narrow.
- There is adequate supply of ARVs and other HIV/AIDS related commodities (condoms, test kits, etc.).

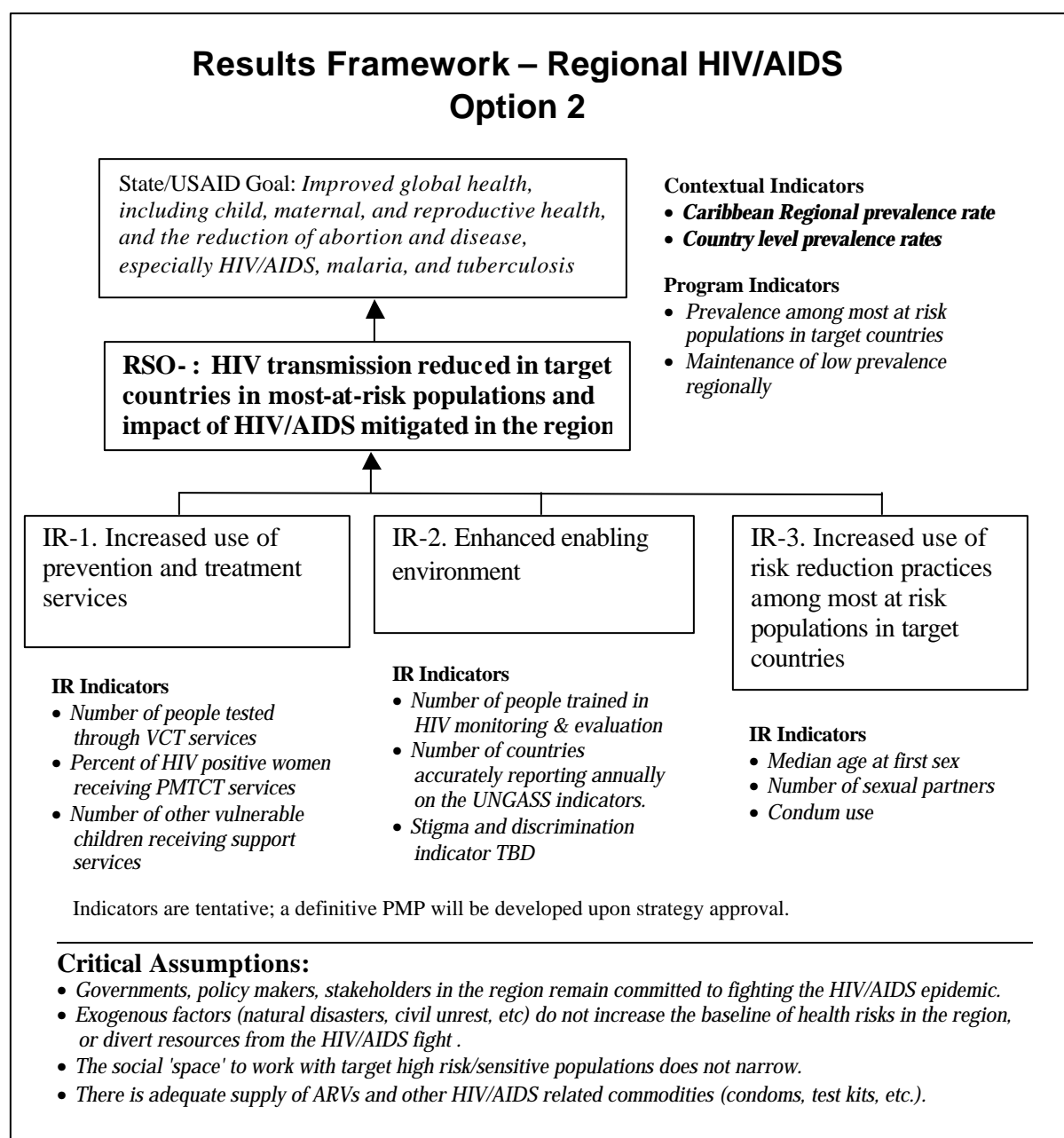
IR-2. Improved availability and use of accurate and reliable information on HIV/AIDS:

Technical assistance will be provided directly to key regional organizations, primarily CAREC and CHRC, which are responsible for ensuring effective regional surveillance, monitoring and evaluation, and reporting; some country-level technical assistance will be provided in targeted countries in the eastern Caribbean. A model for a small country-level second generation surveillance system, to include both seroprevalence of the general public and MARP as well as behavioral surveillance of MARPs, may be developed and then adapted within other countries. A regional surveillance system might also be developed based on a sample of non-presence countries to complement surveillance data being collected in the larger Caribbean countries. Additional technical assistance will be provided for other data collection exercises to further enhance programming, such as ethnographic mapping of

MARP, mapping of intra-regional mobility patterns, behavioral surveillance surveys with serosurveys (especially for MARP and in areas identified as “hot spots”), and health facility surveys to document the delivery of HIV prevention and treatment services.

b) Option 2 – Prevalence Reduced and Regional Epidemic Mitigated

If additional resources beyond the projected base level are available, the focus of the strategy will be to reduce further transmission of HIV in the region with results aimed at reducing seroprevalence rates in most at risk populations and maintaining a low prevalence rate in the region in the general population. Key activities include targeting prevention interventions at most at risk populations including mobile populations, and increasing access to and use of HIV prevention, treatment and care services, specifically voluntary counseling and testing, antiretroviral treatment, and prevention of mother to child transmission services.



A cross-cutting theme will include programmatic linkages with the four USAID bilateral HIV programs in Jamaica, Haiti, Dominican Republic, and Guyana, particularly with monitoring and targeting prevention efforts at mobile most-at-risk populations. To enhance the current policy and program environment, cross-cutting activities aim to improve information availability and use and reduce stigma and discrimination. Geographic focus will be regional, working on regional issues (such as mobility) through the most appropriate regional organization or through direct implementation of activities and sub-regional assistance and country level assistance to the nine non-presence countries in the eastern Caribbean (St. Kitts and Nevis, St. Vincent-Grenadines, St. Lucia, Dominica, Grenada, Antigua-Barbuda, Trinidad-Tobago, Barbados, and Suriname).

IR-1: Increased use of prevention and treatment services: The emphasis will be on providing a continuum of care, which includes BCC, VCT, PMTCT, ARV, treatment of opportunistic infections and community-based care, in targeted countries by the end of the strategy. Cross-cutting themes that will be integrated into activities under this IR will include clinical provider stigma and discrimination incorporated into all training and monitoring and evaluation capacity increased to accurately measure service delivery. USAID's comparative advantage will leverage HIV treatment-related funds that will enter the region through the GFATM, World Bank loans, and other donors to increase access to comprehensive HIV care and treatment.

Three sub-intermediate results further define this intermediate result.

Voluntary Counseling and Testing - Building upon USAID/CDC's results already achieved in the region in VCT, continue to expand VCT services through the region by increasing the number of trained VCT counselors under the CHART Initiative and provide focused technical assistance within target countries to operationalize VCT services, with an increased emphasis on reaching MARP and linking services to PMTCT services.

PMTCT Service Delivery - Building upon USAID/CDC's recently initiated PMTCT regional program, activities will continue clinical training of health care workers under the CHART Initiative and provide focused technical assistance within target countries to operationalize the delivery of PMTCT services. Specific activities under CHART will include regional and sub-regional conferences to establish and disseminate regional PMTCT guidelines and targeted clinical training for specific types of health care workers (physicians, nurses, social workers, counselors, and pharmacists). For operationalizing PMTCT services, specifically on small islands where the number of HIV positive women is low, a model will be developed and expanded to target countries, which may include integrating PMTCT into antenatal care or maternal and child health services as a more cost-effective approach for PMTCT service delivery. Emphasis will be made to link PMTCT to VCT services.

Care and Treatment Service Delivery – Building upon USAID/CDC's recently initiated joint program to expand care and treatment in the region, activities will continue clinical training of health care workers under the CHART Initiative and provide focused technical assistance within target countries to operationalize the delivery of services. Specific activities will include conferences to establish and disseminate regional clinical guidelines, development of curricula (palliative care, clinical management including prevention and treatment of OI, treatment and monitoring of patients on ARV, nutritional support, counseling and all other aspects of the clinical management of PLWHAs) and targeted clinical training for health care workers specifically in the delivery of ARVs and OI treatment. In addition, technical assistance will be provided to operationalize service delivery systems in target countries. As needed, additional technical assistance will be provided to strengthen drug and health commodity logistics systems to ensure a reliable and secure supply of commodities and pharmaceuticals. The core emphasis of this sub-intermediate result will be to increase indigenous Caribbean human capacity for care and treatment of PLWHA and formalize, regulate and expand the administration of ARVs to infected patients in target countries.

Community-based Support - The third activity area focusing on care and treatment will be expanded to include interventions and activities to increase access to community-based care and support services, including orphans and vulnerable children. Specifically, technical assistance will be provided to NGOs within target countries to deliver community-based

services to PLHWAs and their families. Activities may include support to NGOs (including FBOs identified as potential NGO partners) to develop a ‘buddy system’ for PLWHA to provide such basic social services as coping with a recent diagnosis, picking up a prescription, bringing a patient to a clinic, delivering a meal, visiting a hospitalized patient or providing assistance with partner (or family) notification. “Adherence advocates” may be identified within these NGOs who receive training on the importance of ARV adherence, accompany patients to their clinic visits, call or visit patients to reinforce adherence and conduct pill counts from time to time. Additional training will be provided to NGOs to build their capacity to provide “end-of-life” care for PLHWAs. Vulnerable children will also be reached through community-based activities to provide social support to them and their families.

IR-2: Enhanced enabling environment: In support of the achievement of the intermediate results described above, there are three key activity areas that will be integral and cross-cutting components of the regional strategy.

Surveillance and Monitoring/Evaluation – To address the inadequate regional and country-level surveillance, technical assistance will be provided directly to key regional organizations, primarily CAREC and CHRC, who are responsible for ensuring effective surveillance and monitoring and evaluation systems are in place. Targeted country-level technical assistance will be provided as applicable. A model for a small country-level second generation surveillance systems, to include both seroprevalence of the general public and MARP as well as behavioral surveillance of MARPs, may be developed and then adapted within other countries. A regional surveillance system might also be developed based on a sample of non-presence countries to complement surveillance data being collected in the larger Caribbean countries.

Additional technical assistance will be provided for other data collection exercises to further enhance regional and country-level programming, such as ethnographic mapping of MARP, mapping of inter-regional mobility patterns, behavioral surveillance surveys with serosurveys (especially for MARP and in areas identified as “hot spots”), and health facility surveys to document the delivery of HIV prevention and treatment services. The exact geographical scope of these additional data collection exercises will be dependent upon the results of the data collected during the fiscal year 2004.

Technical assistance will also be provided to other implementing partners (i.e., USAID contractors, grantees) to ensure that results-oriented monitoring and evaluation of activities is being conducted. A key role of the regional program under this support activity area is for USAID’s regional office to support the regional synthesis and dissemination of results of data collected to regional and US-based policy makers to facilitate a better understanding of the HIV epidemic in the region.

Reduction of Stigma and Discrimination - An emphasis will be on reducing stigma and discrimination through several approaches, which will include regional policy development, amendments of existing laws and regulations and development of new laws and regulations, implementation of regional and sub-regional campaigns educating the general public on the HIV/AIDS-related law ethics and human rights issues and providing support to CRN+ to build capacity of its members to become leadership advocates to sensitize senior policy and decision makers. With regard to the legal framework activities, links will be made to USAID’s current activities supporting the CARICOM Legislative Drafting Facility.

IR-3: Increased use of risk reduction practices among most at risk populations in target countries: Activities will build upon previous USAID-supported assistance to strengthen NGO capacity in the Caribbean by providing technical assistance to NGOs to conduct appropriate behavior change interventions targeting most-at-risk populations. Faith-based organizations (such as those affiliated with the Caribbean Conference of Churches) will be included as applicable. For the “underground” or hard to reach MARP, a special emphasis will be placed on identifying additional informal MARP networks and high-risk settings and mobile transient points. Integrated within the BCC activities will be referrals to both prevention and care and treatment services (i.e., voluntary counseling, testing facilities, clinical care providers) within the country or the nearest country where services are available. A multi-media campaign, potentially social marketing of risk reduction behaviors, will be conducted in the target countries to compliment the focused prevention interventions and activities targeting most at risk populations. The emphasis will be on achieving results in terms of behavior change and reductions in HIV infections among most at risk populations in target countries.

c) Linkages and Synergies

The HIV/AIDS objective links to the trade objective and to bilateral programs in the Caribbean.

Caribbean Trade and Competitiveness: Unless checked, the HIV/AIDS epidemic will certainly prevent the region from achieving any success in an open trade environment. The developmental implications and the need for a multi-sectoral response that engages all elements of society are well recognized. Interventions with private sector to increase ability to compete in open trade are likely to provide opportunities to raise awareness and enlist support in dealing with HIV/AIDS.

The legal systems activity under IR-2 has close parallels with the legal systems IR under the trade and competitiveness SO. Both rely on the regional Legislative Drafting Facility for drafting legislation needed to achieve the objectives.

Bilateral Health Programs: Both the training of trainers in voluntary counseling and testing and the Caribbean Regional HIV/AIDS Training Initiative are actively working with the bilateral HIV/AIDS programs in Haiti, Jamaica, Guyana and the Dominican Republic. These links will be strengthened and expanded, especially in Option 2.

Education: There is potential to create links to the educational SOs in both Jamaica and Haiti, since all target pre-school and school-age youth. The regional Centers of Excellence in Teacher Training (CETT) Initiative also provides opportunities for creative linkages between programs, and specifically, to train and sensitize teachers to HIV/AIDS issues.

d) Other Donors and Donor Coordination

The HIV/AIDS campaign is one area in which there is strong coordinated action by the US Government. USAID works closely with the Centers for Disease Control (CDC), both regionally and bilaterally, and the two agencies are developing a joint USG regional strategy. CDC’s regional office in Trinidad focuses on PMTCT, VCT, care and treatment, surveillance, lab support, training, infrastructure building and some behavioral change communications. The Health and Human Services Administration, National Institutes of Health and Department of Labor are also engaged in relevant HIV/AIDS activities in the region.

Besides USG assistance, resources are coming into the region from other multilateral and bilateral sources. There are coordinating meeting, but the current rapidly changing situation and lack of an effective entity to take leadership hamper the coordination effort. The CRP HIV/AIDS program will coordinate closely with the Global Fund, the World Bank, and others to increase efficiencies, enhance communication, ensure impact, and measure results.

Other donors include:

Global Fund to Fight AIDS, TB & Malaria: The Global Fund has already approved several proposals from the region including Haiti, the Dominican Republic, Jamaica, Belize, Guyana, OECS regional, and CARICOM PANCAP regional.

United Nations: UNAIDS provides a catalytic function for resource mobilization and coordination through national Theme Groups and disseminates information. UNDP, UNICEF, UNESCO, PAHO and the ILO all have activities related to their areas of interest.

World Bank: The World Bank “Multi-Country HIV/AIDS Prevention and Control Adaptable Program Lending for the Caribbean Region” has US\$155 million available for lending. Barbados, the Dominican Republic, Jamaica and St. Kitts & Nevis have already received substantial loans. Others are being negotiated. Support to Guyana and Haiti has been converted to grant terms and a grant has been made to CARICOM/PANCAP.

The **Inter-American Development Bank** and the **Caribbean Development Bank** are also including HIV/AIDS in their programs.

Among the bilateral donors, the **European Union, Canada (CIDA), United Kingdom (DFID), Germany (GTZ)** are all providing significant funding to HIV/AIDS programs in the region, including support for CAREC. USAID is partnering with CIDA in support for the CARICOM initiative addressing human and legal rights.

e) **Assumptions & Risks**

The following fundamental assumptions support the activities that will be implemented under the Regional Strategic Objective:

- Governments, policy makers, stakeholders in the region remain committed to fighting the HIV/AIDS epidemic.
- Exogenous factors (natural disasters, civil unrest, etc) do not increase the baseline of health risks in the region, or divert resources from the HIV/AIDS campaign.
- The social 'space' to work with target high risk/sensitive populations does not narrow.
- There is adequate supply of ARVs and other HIV/AIDS related commodities (condoms, test kits, etc.).

f) **Illustrative activities & partners**

Some illustrative activities are described in the Results Framework narrative for each option. Key partners will include:

CARICOM PANCAP: CARICOM formally established the “Pan-Caribbean Partnership on HIV/AIDS” (PANCAP) with its own Secretariat in 1999. PANCAP put in place a regional five-year strategy called the “Caribbean Regional Strategic Plan of Action for HIV/AIDS 1999-2004” and provides the overall political leadership, strategic planning, and coordination of a regional response to addressing HIV/AIDS issues in the Caribbean.

The **Caribbean Epidemiology Center (CAREC)**, based in Trinidad and Tobago, is a specialized agency affiliated with PAHO and acts as the “public health watch dog” for the region. It has a regional program that focuses primarily on strengthening regional and country-level surveillance, building laboratory capacity, and providing technical support to countries in the implementation of national strategies.

The **Caribbean Health Research Council (CHRC)** promotes, supports, facilitates and coordinates health research relevant to the needs of the people of the Caribbean, and advises Caribbean Governments on health research matters. CHRC has played a critical role recently in facilitating the regional harmonization of HIV monitoring and evaluation indicators and providing technical assistance at the national level to improve monitoring and evaluation.

Caribbean Coalition of National AIDS Program Coordinators (CCNAPC) represents the National AIDS Program Coordinators in 22 countries within the Caribbean. It is a peer-based organization committed to improving quality National AIDS Programs and to supporting member Caribbean nations to reduce and mitigate the impact of HIV/AIDS in the region.

Caribbean Network of People Living with AIDS (CRN+) is a regional non-governmental organization that represents people living with HIV and AIDS through affiliate organizations in 17 countries in the Caribbean. Its goals are to share information, build capacity among persons living with HIV/AIDS, and support HIV/AIDS advocacy.

3. Preliminary Performance Management Plan

Although not in USAID’s manageable interest under either option, two context indicators will be tracked and reported:

- Caribbean regional prevalence rate
- Country-level prevalence rates

For Option 1, three SO level program indicators are being proposed:

- Percent of persons with knowledge of risk reduction behaviors

For Option 2, two SO level program indicators are being proposed:

- Prevalence among most-at-risk populations in target countries
- Maintenance of low prevalence regionally

Preliminary IR-level performance indicators are noted on the Results Framework charts for each option in Section 2. A full Performance Management Plan will be developed immediately after strategy approval.

4. Estimated Resource Requirements

a) USAID

The base level of funding proposed for this objective is \$18.5 million over five years. Four Caribbean countries also receive significant assistance under bilateral programs (namely, Guyana, Haiti, Jamaica, and the Dominican Republic). More optimal funding will allow the program to go from creating capacity to achieving real impact results as described under Option 2.

b) Other Resources

The Centers for Disease Control is a major USG partner with USAID in combating HIV/AIDS. Bilateral USAID programs are also committing significant resources. The World Bank has established a \$155 million lending facility for HIV/AIDS prevention and

control in the Caribbean. The Global Fund to Fight AIDS, TB & Malaria is also providing significant resources and has approved applications from Haiti, Dominican Republic, Jamaica, Belize, Guyana, OECS regional, and CARICOM PANCAP regional. Most other major donors are also committing resources, including UN agencies, the IDB and CDB, EU, CIDA, DFID and other bilateral donors, as well as private foundation.

c) Start and End Dates

Subject to approval of the strategy, activity design and procurement planning will begin in the second quarter of FY 2004. Current program activities will be mostly completed by the end of September 2004 while initial agreements for activities under the new strategy will be targeted for start up by October 1, 2004. All activities will be completed and the strategic objective will be achieved by the end of FY 2009.

II. ANNEXES

- A. *Parameters Cable***
- B. *Gender Analysis***
- C. *Environmental Analyses – Biodiversity and Tropical Forests***
- D. *Governance – Accountability, Corruption & Conflict***
- E. *Mid-term Economic Outlook***
- F. *HIV/AIDS Strategy***
- G. *References***
- H. *Summary Budget Scenarios***
- I. *Acronym List***
- J. *List of OECS Member States***
- K. *List of CARICOM Member States***